

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08

FRB-03 INR-07 NSAE-00 SP-02 STR-04 TRSE-00 LAB-04

SIL-01 OMB-01 FTC-01 H-01 L-03 PRS-01 /055 W

-----121056Z 034465 /14

R 120937Z APR 77

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 3512

INFO ALL EC CAPITALS

AMCONSUL STRASBOURG

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E.O. 11652: N/A

TAGS: EEC, EINV

SUBJECT: EUROPEAN PARLIAMENT TO DISCUSS CODE FOR MULTINATIONALS

1. ACCORDING TO EUROPEAN PARLIAMENT SECRETARIAT, ONE OF MAJOR ISSUES TO BE DEBATED BY PARLIAMENT DURING ITS APRIL 18-22 SESSION IN STRASBOURG IS DESIRABILITY OF EC'S NEGOTIATING WITH THE INTERNATIONAL COMMUNITY A LEGALLY BINDING CODE TO GOVERN THE OPERATIONS OF MULTINATIONAL COMPANIES. SPRINGBOARD FOR DEBATE WITH BE "A DRAFT CODE OF PRINCIPLES ON MULTINATIONAL ENTERPRISES AND GOVERNMENTS" DRAWN UP BY ERWIN LANGE, GERMAN SOCIALIST MEMBER OF PARLIAMENT, AND CONGRESSMAN SAM GIBBONS (D-FLA.). THIS DOCUMENT WAS ORIGINALLY DRAFTED FOR DISCUSSION AT THE SEMI-ANNUAL EUROPEAN PARLIAMENT-U.S. CONGRESS CONSULTATIONS, WAS BRIEFLY CONSIDERED AT THEIR SESSION IN WASHINGTON LAST AUTUMN, AND, WE UNDERSTAND, IS LIKELY TO BE DISCUSSED FURTHER WHEN THE TWO DELEGATIONS MEET IN LONDON IN JULY.

2. TWO COPIES OF THIS DRAFT CODE, AS PRINTED FOR DISCUSSION BY EUROPEAN PARLIAMENT, AND DRAFT RESOLUTION WHICH LANGE'S SOCIALIST GROUP HOPES PARLIAMENT WILL ADOPT, WERE POUCHED TO LIMITED OFFICIAL USE

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EUR/RPE IN JANUARY. IN SUMMARY, DRAFT RESOLUTION TO BE CONSIDERED BY PARLIAMENT:

--NOTES THAT MULTINATIONALS HAVE A "BENEFICIAL EFFECT ON PRODUCTIVITY, TECHNOLOGY, AND MANAGEMENT METHODS";

--STATES THAT THERE ARE NO INTERNATIONAL LEGAL REGULATIONS "TO SOLVE THE PROBLEMS CAUSED BY THEIR SIZE, MASSIVE LIQUID RESOURCES AND CENTRALIZATION OF ECONOMIC POWER";

--CALLS ON EC COUNCIL AND COMMISSION TO NEGOTIATE WITH  
"GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS AND UNDERTAKINGS..  
..LEGALLY ENFORCEABLE NORMS...FOR INTERNATIONAL UNDERTAKINGS  
AND A FRAMEWORK FOR THEIR ACTIVITIES," CONSISTENT WITH OECD  
MEMBER STATE DECLARATIONS ON INTERNATIONAL INVESTMENTS AND  
MULTINATIONAL CONCERNS.

3. WHILE LANGE AND SOCIALIST GROUP WILL PUSH HARD FOR PARLIA-  
MENT'S ADOPTION OF THIS RESOLUTION--SOCIALISTS IN PARLIAMENT  
ARGUE THAT BRINGING MULTINATIONALS TO HEEL IS ONE OF THE MOST  
IMPORTANT PROBLEMS ON THE EUROPEAN AGENDA--WE CANNOT ESTIMATE  
ITS CHANCES OF PASSAGE GIVEN STRONG FEELING OF SOME CENTER AND  
CENTER-RIGHT MP'S THAT IT GOES TOO FAR. INDEED, LATTER HAVE  
ALREADY SUBMITTED AN AMENDMENT TO THE RESOLUTION, SPECIFYING  
THAT A LEGALLY BINDING CODE SHOULD BE ADOPTED ONLY GRADUALLY;  
WE UNDERSTAND OTHER AMENDMENTS MAY BE OFFERED WHICH WOULD  
ELIMINATE ALL REFERENCES TO A BINDING CODE.

4. WE DO NOT KNOW WHAT POSITION EC COMMISSION WILL FINALLY  
ADOPT ON THE RESOLUTION. IN BRIEFING THE PRESS IN BRUSSELS  
LAST MONTH A COMMISSION OFFICIAL SEEMED TO IMPLY THAT  
COMMISSION THINKS RESOLUTION IS OVERDRAWN. HE NOTED THAT NOT  
ALL MULTINATIONALS ARE THE SAME SIZE AND THAT MANY EUROPEAN  
AS WELL AS U.S., FIRMS FALL IN THE MULTINATIONAL CATEGORY.  
MEMBER OF DAVIGNON CABINET HAS TOLD MISSION DAVIGNON IS  
AMXIOUS TO TACKLE THE MULTINATIONAL ISSUE PUBLICLY IF ONLY TO  
STRIP OFF POLEMICS AND PRE-EMPT CRITICS WHO SAY COMMISSION HAS  
BEEN OVERLY SILENT ON THIS QUESTION.

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5. MISSION HAS PREVIOUSLY POINTED OUT TO EUROPEAN PARLIAMENT  
SECRETARIAT THAT DRAFT CODE HAS NO STATUS IN U.S. CONGRESS AND  
HAS NOT EVEN, SO FAR AS WE ARE AWARE, BEEN ACCEPTED BY U.S.  
CONGRESSIONAL DELEGATION TO EUROPEAN PARLIAMENT-CONGRESS  
CONSULTATIONS. HINTON

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Review Markings:**  
Margaret P. Grafeld  
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